



## ESC position paper on Rail Freight Corridors and Regulation EU 913/2010

The European Shippers' Council (ESC) represents the logistics interests of manufacturers, retailers and wholesalers, collectively referred to as shippers. Many shippers use rail freight as part of their logistics mix, but more would do so if the conditions were right.

The following parameters are of crucial importance to shippers with regard to rail freight's performance:

- **Responsiveness to planning requests:** response time to industry requests regarding new or existing services must be sufficiently attractive to suit shippers' needs, including for cross-border traffic. Response times should match those of road transport for rail to be considered an attractive option. Typically, a quote for a new service should take no more than 48h, and the service itself should be launched as soon as possible afterwards. If a request is not answered within a reasonable time frame, many shippers are likely to switch to other modes of transport, such as road, to ensure that they will not lose their own customer(s).
- **Flexibility:** Shippers operate in a volatile and fluctuating market, which requires flexibility in the transport chain. The need for flexibility varies slightly depending on the type of goods being transported and the nature of shippers' respective markets, but most shippers will not be in a position to anticipate specific transport needs 6 months or more ahead of the transportation date.
- **Transit times:** Transit times are another important parameter, in particular for time-sensitive goods. Transit times by rail need to be competitive compared with other transportation options, and disruptions must have minimal effects on these transit times. Faster delivery can also help increase turnaround of wagons, which helps reduce the cost of transport for shippers. Most importantly, transport should be as reliable and punctual as possible.
- **Reliability:** Delays are often unavoidable, in particular for long-distance transport, but should be kept to a minimum, as they have a negative impact on the logistics chain and shippers' commercial operations. Rail should become more resilient, so that knock-on delays are avoided or minimised whenever possible. There should be sufficient capacity on the network to accommodate unforeseen events and delays. More synchronisation is needed when more than one operator is involved in the transport of goods (which is almost always the case with international transport).
- **Tracking ability:** Shippers need to be able to track and trace their shipments, in particular in case of delays. When trains are delayed, shippers should have access to a reliable estimated time of arrival for their goods. Again, greater coordination is needed amongst all actors in the logistics chain to allow shippers to access up-to-date and reliable information on the status of their goods.
- **Price-competitiveness:** Price-competitiveness is key in a low-margin business such as logistics.

Other parameters, such as sustainability and safety (in particular for the transport of dangerous goods), are important for shippers, but rail freight services will only become attractive if the criteria listed above are met.



## **1. Have the objectives of Regulation 913/2010 been met?**

Regulation EU 913/2010 on a European rail network for competitive freight was designed to improve the attractiveness of rail freight – in particular for cross-border services – by improving the reliability of rail services, as well as commercial speed and journey times. Through better coordination between infrastructure managers, the Regulation also aimed to improve processes for capacity requests and facilitate the cross-border operation of freight trains by giving them greater priority and minimising the effect of disturbances on the network.

Six years after adoption of the Regulation, while it is too early to fully assess its impact, some lessons can already be drawn from initial operation of the first six rail freight corridors. Operators and infrastructure managers alike have reported some progress as a result of the establishment and operation of rail freight corridors. One of the most important benefits seems to have been the fact that the corridors have provided a platform for infrastructure managers, operators and member states to jointly discuss challenges and difficulties experienced, as well as potential solutions. However, from a shippers' point of view, tangible results are not yet visible, and most of the performance criteria listed in introduction to this paper are not met by rail freight.

Response time to planning requests is still extremely long, in particular for cross border requests: our members report that it can take months to launch a new service (as much as 9 months in one particular case). Flexibility is far from being a given and rail freight services are not always sufficiently reliable. Disruptions – including those related to works on the network – can have important knock-on effects, disturbing the entire supply chain, while tracking and tracing is far from being a given at European level. This has negative consequences on the production chain and commercial operations of shippers. Finally, capacity for freight trains and high quality paths are scarce in many parts of Europe (in particular along busy corridors).

Many of these issues are related to structural difficulties which rail freight corridors on their own will not be able to solve, but ESC believes that improvements to the corridors' structure and functioning could go a long way in helping solve some of these problems and in increasing the attractiveness of rail freight for shippers.

## **2. What could be improved? Shippers' recommendations**

### **Greater market focus, responsiveness and flexibility**

Rail freight operators are only involved in decisions related to corridors' operations on a consultative basis, while other actors in the logistics chain, such as shippers, are not involved at all. Identification of bottlenecks, preparation of transport market studies and definition of performance objectives for the corridors are all responsibilities of the Management Boards, made of infrastructure managers and allocation bodies, and applicants are only 'consulted'. Shippers are not even consulted while these strategic decisions are being made. Pre-arranged train paths are also defined by infrastructure managers. However, most infrastructure managers do not have first-hand contact with end-customers, which limits their ability to define on their own products that will adequately respond to market needs.

Corridors would benefit from a greater market focus and involvement of end-users, including shippers, when strategic decisions are made. Shippers and other users could for instance be



consulted at a more strategic level on an annual basis. Such consultation should focus on the direction taken by the corridors in terms of new products developed by infrastructure managers, on performance of the corridors and potential solutions to help increase this performance, and on areas where new facilities and/or more capacity would be needed. While most shippers will realistically not be able to engage more frequently in corridors discussions, there should be sufficient flexibility to allow those willing to be more closely involved to do so – be they shippers or shippers' representatives. Those willing and able to do so should also be invited to take part in discussions at corridor level – through the setup of additional advisory boards for end users for instance – on top of the more strategic annual meeting with all stakeholders.

Market studies should not only focus on individual corridors, but should apply to the whole network, as most transport flows are unlikely to be limited to only one specific corridor. More coordination between infrastructure managers would be beneficial to allow operators and intermediaries to be much more responsive to requests for new services and for modifications of existing services. More joined-up thinking at planning level for maintenance works across the network and possession, or when delays occur, would help reduce the negative impact of knock-on delays. The role of One-stop-shops must also be extended to cover traffic management post-path allocation (e.g. for coordinating response to delays, etc...), beyond the simple allocation of pre-arranged paths.

Finally, a greater market focus in the definition of corridor products would help infrastructure managers meet market expectations in terms of flexibility. Infrastructure managers could for instance consider allowing and facilitating the exchange of train paths allocated but not used amongst applicants (something which is not currently possible), in order to increase flexibility and improve response to ad-hoc requests.

Governance structures could be adapted to reflect these needs. Links between executive boards, management boards and advisory boards should be reinforced, and the end-user perspective should be better considered in order to ensure that solutions respond to market needs. Annual strategic meetings open to shippers and their representatives should also take place, to allow the executive and management boards to gather strategic input and feedback from end-users.

### **More priority given to freight**

One of the objectives of Regulation 913/2010 was to give more priority to freight, also from a traffic management point of view. In practice, the Regulation has failed to deliver on this point, in part due to the rather weak formulation of the legal text on this point, and due to national pressure to keep giving priority to passenger transport – with few exceptions.

There is a real capacity problem for freight trains in several parts of Europe, in particular around busy corridors (for instance, in Germany). This issue should be solved for rail freight to become a viable alternative to road freight. The quality of paths provided to freight trains is just as important as the availability of sufficient capacity for freight trains on the network. Low quality paths are unlikely to meet the expectations of the end customer – i.e. shippers – in terms of appropriate transit times and reliability.

Minimum TEN-T parameters regarding train length (740 metres) and gauge should also become the norm across the network. This will help reduce unit costs, achieve economies of scale and reduce the cost of rail freight – thereby increasing its attractiveness for shippers.



### **Transparency and evaluation of progress**

Regulation EU 913/2010 lists a number of documents which should be made available to help assess the performance of rail freight corridors. As part of this regular assessment, management boards are requested to monitor the performance of rail freight services on their respective corridors and to publish the results of this monitoring once a year. Information on punctuality, however, is not currently readily available (or is not easy to find). Such information would be useful to identify bottlenecks and areas for improvement, and to assess the effectiveness of measures adopted to help improve the punctuality of freight trains. This, together with performance regimes with appropriate punctuality-related incentives and penalties for both infrastructure managers and railway undertakings, would facilitate the emergence of more efficient and attractive solutions that would better respond to market needs.

The management boards are also requested to organise satisfaction surveys of the users of rail freight corridors and to publish the results of these surveys once a year. It would be useful to present the results from this survey at annual strategic meetings involving end-users, such as shippers, in order to have an open discussion on these findings and how to address identified shortcomings.

### **Access to the corridors**

While last-mile infrastructure is not part of the corridors structure per-se, it has a crucial role to play as entry point to these corridors, and is therefore a vital element in the corridor structure. Shippers are less likely to use rail if their plants and warehouse facilities are not related to the rail network. Due consideration should be given to the last-mile issue as part of the corridors discussion, even if the issue is not dealt with in Regulation EU 913/2010. Sufficient funding should be allocated to the maintenance and renewal of the public part of last-mile infrastructure to ensure that private sidings remain linked to the main network and that shippers are able to access the corridors. Shippers should be included in discussions that are related to this last-mile infrastructure and to access points to the corridors.